Annual Report
to the
Missouri Legislature

Insurance Coverage for Autism Treatment & Applied Behavior Analysis

Statistics Section
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DIFP

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Table of Contents

Table of Tables

Executive Summary

This is the second annual report to the General Assembly related to insurance coverage for Autism Treatment and Applied Behavioral Analysis. The findings of the first annual report reflected the fact that 2011 was a transitional year during which much of the infrastructure necessary to deliver the mandated benefits was developed. As expected, data show that the benefits of the mandate were more fully realized in 2012, while the costs as a percent of overall health care costs remained negligible.

1. **Coverage.** During 2012, all insureds in the small and large group markets were covered for autism and the associated ABA mandate. A much lower proportion, less than one-third, received similar coverage in the individual market, including individually-underwritten association coverage. A few large providers of individual insurance coverage extended autism coverage to all of their insureds. However, Missouri statute only requires autism benefits as an optional coverage in the individual market, and most insurers do not provide it as a standard benefit. For those insurers that do not provide the coverage as a standard benefit, only a negligible number of insureds purchased the optional autism rider.

2. **Number impacted.** Over 2,508 individuals received treatment covered by insurance for an ASD at some point during 2012. This amounts to 1 in every 548 insureds, ranging from 1 / 2,765 in the individual market to 1 / 438 in the large group market. These figures are consistent with estimates in the scientific literature of treatment rates.[1]

3. **Licensure.** The first licenses for applied behavior analysis were issued in Missouri in December, 2010. Between 2011 and 2012 the number of individuals that held Missouri licenses as a behavior analyst grew by 44 percent. As of January 17, 2012, 161 individuals were licensed, and an additional 24 persons obtained assistant behavior analyst licenses.

4. **Claim payments.** Between 2011 and 2012, claim costs incurred for autism services increased from $4.3 million to $6.6 million, of which $3 million was directed to ABA services. These amounts represent 0.16 percent and 0.07 percent of total claims incurred, consistent with initial projections produced by the DIFP.[2] For each member month of autism coverage, total autism-related claims amounted to $0.38, while the cost of ABA treatment amounted $0.17.

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[1] While the CDC estimates that the prevalence of autism is 1/88, autism presents with a high degree of variability. Not all such individuals will benefit from, or seek, treatment specifically targeted at the ASD.

[2] The DIFP estimated that the mandate would produce additional treatment costs of between 0.2 percent and 0.8 percent. The analytical assumptions associated with the lower-end of the estimate range appear to be validated by the claims data presented in this report.

5. **Average Monthly Cost of Treatment.** For each individual diagnosed with an ASD that received treatment at some point during 2012, the average monthly cost of treatment across all market segments was $222, of which $101 consisted of ABA therapies. The average, of course, includes individuals with minimal treatment as well as individuals whose treatments very likely cost significantly more.

6. **Impact on premiums.** Given that treatment for autism represent less than 0.2% of overall claims costs, it is very unlikely that such costs will have an appreciable impact on insurance premiums. However, because the DIFP has no authority over health insurance rates and does not receive rate filings, a more exact assessment of the impact of the mandate on rates cannot be provided.

7. **Market Segments.** This study focuses upon the licensed insurance market (i.e. those entities over which the DIFP has regulatory jurisdiction). Many employers provide health insurance by "self-insuring," that is, by paying claims from their own funds. Such plans are governed under the federal Employee Retirement Income Security Act (ERISA), and states have little jurisdiction over private employers that choose to self-fund. The Missouri statute does extend the autism mandate to the Missouri Consolidated Health Care Plan (MCHCP), which covers most state employees, as well as all self-funded local governments and self-insured school districts.

The advocacy group Autism Speaks maintains a list of self-funded private employers that have chosen to voluntarily provide coverage autism and ABA therapy to their employees. Among this group are many of the most recognizable "high-tech" companies, including Microsoft, Intel, Adobe, Cisco, IBM, Apple, Yahoo and E-Bay. From the healthcare field are the Mayo Clinic and Abbott Laboratories. Additional companies come from a variety of sectors, from Home Depot to Wells Fargo. Because the DIFP lacks jurisdiction over private self-funded employers, the number of Missourians receiving autism benefits under private self-funded plans is unknown.

Autism Speaks created a "Tool Kit" for employees of self-funded plans to approach their employers about adding benefits to their company health plan. The Self-Funded Employer Tool Kit can be found at: http://www.autismspeaks.org/sites/default/files/docs/gr/erisa_tool_kit_9.12_0.pdf

Introduction

House Bill 1311, signed into law by Governor Jay Nixon on June 10, 2010, mandated health insurance coverage for medically necessary treatment of autism spectrum disorders (ASDs). All group policies issued or renewed after January 1, 2011 were required to extend autism coverage to all insureds. All policies issued in the individual market were required to offer such coverage as an optional benefit. In addition, the law required coverage for applied behavior analysis (ABA) for individuals up to 18 years of age. Required coverage for ABA was initially capped at $40,000 per year, to be annually adjusted. The annual cap for ABA therapy stands at $42,117 for 2013.

House Bill 1311 also directs the Department of Insurance, Financial Institutions and Professional Registration (DIFP) to assess the impact of the mandate on the health insurance market. This is the second annual report to the Missouri General Assembly.

Data were obtained from all insurers in the state with comprehensive health insurance in force and subject to the autism mandate. These data indicate that the mandate has succeeded in broadly extending coverage to autistic individuals, beyond that found in the first annual report. While claim costs for autism increased somewhat compared to 2011, autism-related claims still amounted to 16/100 of one percent (0.16%) of overall claims costs. Since claims are only one component of total costs that impact health insurance rates, the overall impact of the mandate on rates is likely to be significantly less than 0.16%.

History of HB 1311 and the ABA mandate

Prior to the passage of HB 1311 in 2010, Missouri law allowed exclusions in health insurance coverage for treatments that were considered primarily for familial, educational or training purposes; custodial in nature; not clinically appropriate; or that were experimental.

Autism treatments such as ABA were commonly excluded because they were considered experimental in nature. Prior analysis by the DIFP indicated insurance carriers did not offer benefits of a level or kind that could have been expected to have any significant impact on individuals diagnosed an ASD. This analysis was consistent with the academic literature, which has documented that treatment for ASDs are either generally paid out-of-pocket by parents and relatives, are provided via public services such as special education programs, or, as was more likely, left largely untreated. Further, insurer-compensated treatment was not targeted to young individuals for whom treatments are known to be most effective and most likely to achieve an enduring and dramatic improvement in symptoms.

To address the inadequate coverage for the treatment of ASDs in the private insurance market, and to ensure broader access to treatments, HB 1311 established broad coverage requirements for ASD treatments. Applied behavior analysis (ABA) was mandated for individuals 18 and under, up to $40,000 per year (adjusted for inflation in each subsequent year). All group plans were required to offer coverage for all insureds. Individually-underwritten health plans were required to extend an offer to cover the mandated benefits. In addition, HB1311 established a system of licensure for behavioral analysts to ensure the delivery of high-quality care.

HB1311 became effective for all health insurance plans issued or renewed in Missouri after January 1, 2011. Subsequently, ten additional states enacted mandates similar to the Missouri law, including the requirement to cover ABA services. Another two states added the benefits to state employee health coverage. In total, 32 states have autism mandates in place as of January, 2013[3].

To monitor the impact of HB1311 on the health insurance market, the Missouri General Assembly included a requirement for the DIFP to collect data and issue an annual report. The DIFP issued its first annual report on February 1, 2012. That report noted significant hurdles for the implementation of the new law: mandated coverage was not extended until the renewal date of a health insurance policy; individuals required training and credentialing to practice ABA; providers faced infrastructure development to secure compensation for services that were previously excluded by most health insurance plans; and insureds faced a learning curve with respect to the scope of the newly available benefits. Data in this report shows that as the medical delivery infrastructure was more firmly established, the benefits of the autism mandate were more fully realized in 2012.

[3] Autism Votes website. www.autismvotes.com

Coverage

Percent of Member Months With Coverage for Mandated ASD Benefits By Market Segment 2012			
Market Segment	**Total Member Months**	**Member Months of Policies with Autism Coverage**	**% With Coverage**
Individual	3,145,417	945,177	30.0%
Small Group	5,147,302	5,147,244	100.0%
Large Group	11,057,336	11,057,424	100.0%
Total	**19,350,055**	**17,149,845**	**88.6%**

While all individuals in the group market received coverage for the treatment of autism, it appears that coverage in the individual market has not been broadly purchased by consumers, due to cost of the optional coverage. For group coverage, costs associated with the mandate are borne by the entire group in the same manner as any other illness. Since only the offer of coverage is required in the individual market, there is a strong tendency toward "adverse selection" with respect to autism benefits. Namely, individuals selecting ASD coverage will be more likely to already have a dependent with an autism-related diagnosis. Since the coverage is usually provided as a rider at an additional premium, the entire costs of the mandated benefits are therefore concentrated among such policyholders. The resulting premiums likely make such coverage unaffordable for many. Based on consumer complaints received by the DIFP and other anecdotal evidence, the department is aware that the cost for an autism endorsement in the individual market can exceed four thousand dollars per month.

Nineteen carriers in the individual market reported extending autism coverage in 2012 (including coverage for ABA) to all of their insureds - even though there was no legal requirement to do so. Correspondence with these carriers indicates that they determined that it was less costly to offer general coverage than to incur the additional expense of administering individual riders. For the remainder of carriers for which coverage is offered as an optional rider for additional premium, the take-up rate for ASD benefits is nearly zero. For these carriers, which comprise 70 percent of the individual market, only 3/100 of 1 percent (0.03%) of member months had such coverage in effect for 2012.

Coverage in the Individual Market – *Excluding* Insurers That Offer ABA Coverage to All Policyholders			
Member Months	**% of Individual Market**	**Member Months With Autism Coverage**	**% Member Months With Autism Coverage**
2,200,792	70.0%	552	0.03%

Beginning in 2014, federal law requires that all policies sold in the individual and small group market provide "Essential Health Benefits" (EHBs). Under current HHS regulations, the required EHBs are based, in part, on the coverage provided under the state's largest small group health plan, by enrollment. That plan would include all state mandated benefits applicable to the small group health insurance market. Thus, Missouri's autism mandate will apply to all non-grandfathered policies in the individual and small group insurance markets beginning next year. For additional information on EHBs and their impact on insurance coverage of ASDs, please refer to the **Future Market Developments** section of this report.

Treatment Rates

The DIFP attempted to assess the prevalence of individuals diagnosed with an ASD with coverage under a licensed health insurer. Unfortunately, insurers are only able to identify such individuals via information available from submitted claims, such that an individual with an ASD diagnosis must have sought a treatment for conditions specific to the ASD during the period under examination to appear in our data.[4] Thus, the estimates that follow should not be considered as even a proxy for all ASD-diagnosed individuals with health insurance coverage, but rather a subset of that group that received some form of ASD-related treatment during 2012. The overall prevalence of ASD-diagnosed insureds is quite likely to be significantly larger.

During the last year, nearly 1.4 million Missourians obtained comprehensive coverage through a licensed insurer[5] in the individual, small group or large group markets. Of this number, over 2,500 individuals sought treatment during the reporting period for which the primary diagnosis was an ASD. The majority of these individuals, or 1,994, were 18 and under and therefore eligible for coverage under the ABA mandate. Across all market segments, 1 insured in 548 sought treatment for an ASD-related condition. Treatment rates are considerably lower than the prevalence rate of ASDs in the general population, which the Centers for Disease Control has most recently estimated to be 1/88. Autism can present with a high degree of variability. Many individuals with an ASD diagnosis will neither seek, nor benefit from, extensive treatment.

Prevalence of ASD Covered Treatment[6]

Market Segment	Insureds	Insureds With an ASD, Covered Under Mandate	1 Covered ASD Diagnosed Individual Per X Insureds	Insureds Under 18 With an ASD
Individual	270,943	98	2,765	78
Small Group	345,581	678	510	550
Large Group	758,952	1,732	438	1,366
Total	**1,375,476**	**2,508**	**548**	**1,994**

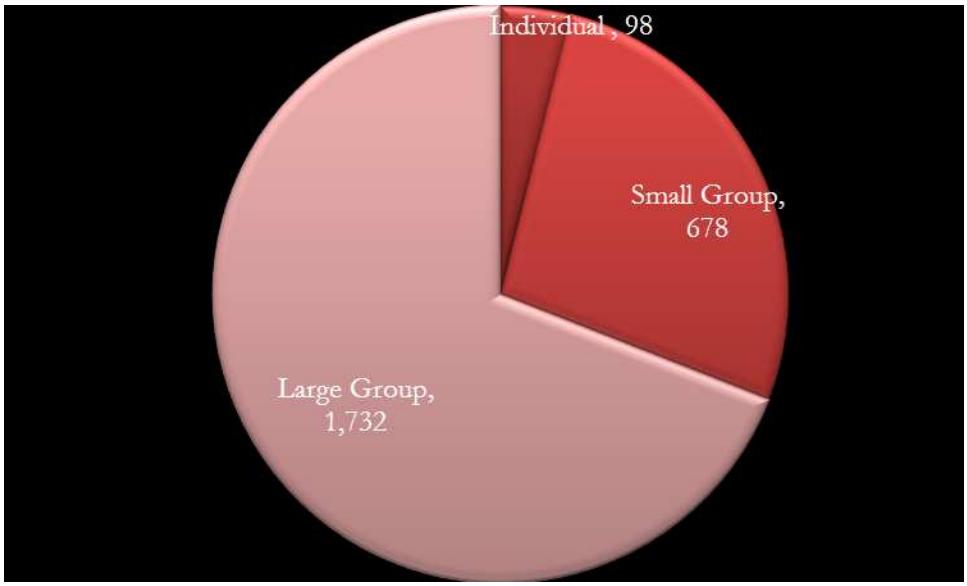
[4] That is, individuals that did not seek treatment directly associated with the ASD would not normally be identified on a typical claims form. The DIFP requested that insurers count anyone who sought an ASD-related treatment during the preceding 12 months as an insured with an ASD.

[5] These figures exclude plans that self-insure under federal ERISA statutes. Self-insurers comprise a significant portion of the group market. Prior estimates by the DIFP suggest that self-insureds represent as much as 2/3 of the group market. Also excluded from these figures are all forms of public coverage.

[6] Figures are based solely on initial survey responses of licensed insurers for fully-insured plans related to the data period 2012. Some entities that are known to offer autism-related benefits, such as the Missouri Consolidated Health Care Plan (MCHCP) and some self-insured employer plans, are not included in the data.

As expected, the percent of insureds with a covered ASD was nearly twice as high in the group market compared to the individual market. Only 98 individuals sought treatment for an ASD covered in the individual market, representing less than 4 percent of all such individuals across all market segments.

ASD Insureds, by Market Segment



The total number of individuals seeking treatment is noticeably less that the number reported in the 2011 report. However, this does not represent a true decline. Reporting anomalies were discovered in data provided to the DIFP in 2011. These anomalies were addressed this year, such that the current count is deemed more accurate.

Claim Payments

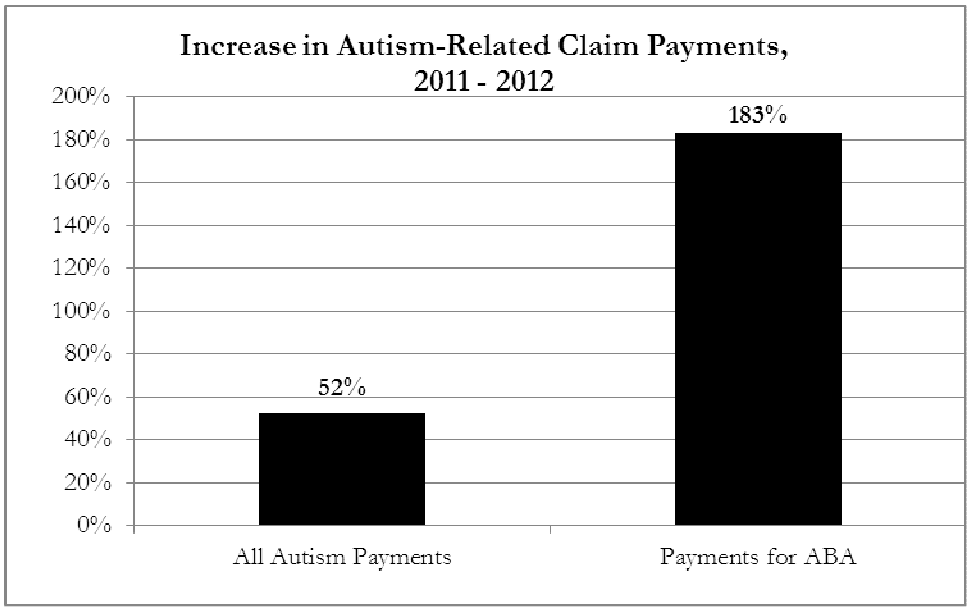
During 2012, comprehensive health plans incurred nearly $4.0 billion in total claim costs. Only a small fraction of this amount resulted from autism-related treatments, which amounted to $6.6 million or 0.16 percent of total claims. Costs incurred for ABA therapies were only 0.07 percent of total claims, or $3 million.

Prior to the passage of the mandate, the DIFP estimated that the proposed legislation would produce claim costs of between 0.2 percent and 0.8 percent of total premium. Amounts incurred thus far are consistent with the lower end of the estimate.

Autism-Related Claim Costs in 2012			
Line of Business	**Total Incurred Losses**	**All Autism-Related Incurred Losses**	**Losses Incurred, ABA**
Individual	$520,509,048	$150,616	$18,538
Small Group	$1,016,809,392	$1,524,570	$732,951
Large Group	$2,448,936,531	$4,875,416	$2,221,223
Total	**$3,986,254,971**	**$6,550,602**	**$2,972,712**

Autism Treatment as Percent of Incurred Losses		
Line of Business	**All Autism-Related Incurred Losses**	**ABA-Related Incurred Losses**
Individual	0.03%	0.00%
Small Group	0.15%	0.07%
Large Group	0.20%	0.09%
Total	**0.16%**	**0.07%**

Compared to 2011, claim costs incurred for autism-related treatments increased by 52%, from $4.3 million to $6.6 million. Most of the increase resulted from more intensive utilization of ABA therapies. Claim payments for ABA increased by 183% during the same period.



Another method of expressing the costs of the mandate is the ratio of autism-related treatment costs to the total member months during which autism coverage was in effect. The resulting figure should afford a general indication of how monthly premiums might be expected to increase due to extending coverage for autism treatment. Across all market segments, the average autism-related claim costs for each month of autism coverage was $0.38, and $0.17 for the costs of ABA treatments.

Claim Costs for Autism Per Member Per Month for Policies with Autism Coverage

Market Segment	Member Months of Policies With Autism Coverage	All Autism Related Claims	ABA Claims	All Autism-Related Claims, PMPM	ABA-Related Claims, PMPM
Individual	945,177	$150,616	$18,538	$0.16	$0.02
Small Group	5,147,244	$1,524,570	$732,951	$0.30	$0.14
Large Group	11,057,424	$4,875,416	$2,221,223	$0.44	$0.20
Total	**17,149,845**	**$6,550,602**	**$2,972,712**	**$0.38**	**$0.17**

For each individual receiving any form of treatment directly associated with an ASD, the average monthly claim cost during 2012 was $222, ranging from $130 in the individual market to $244 in the large group market. With respect to the population 18 years of age and younger, the average monthly costs of ABA treatments ranged from $20 in the individual market to $135 in the large group market.

It is notable that the average cost of ABA treatment is well below the statutory maximum required coverage, set at an initial rate of $40,000 per year for each covered insured. Average annual ABA treatment costs of $2,904 ($242 * 12) amounts to only 7.3% of the cap.

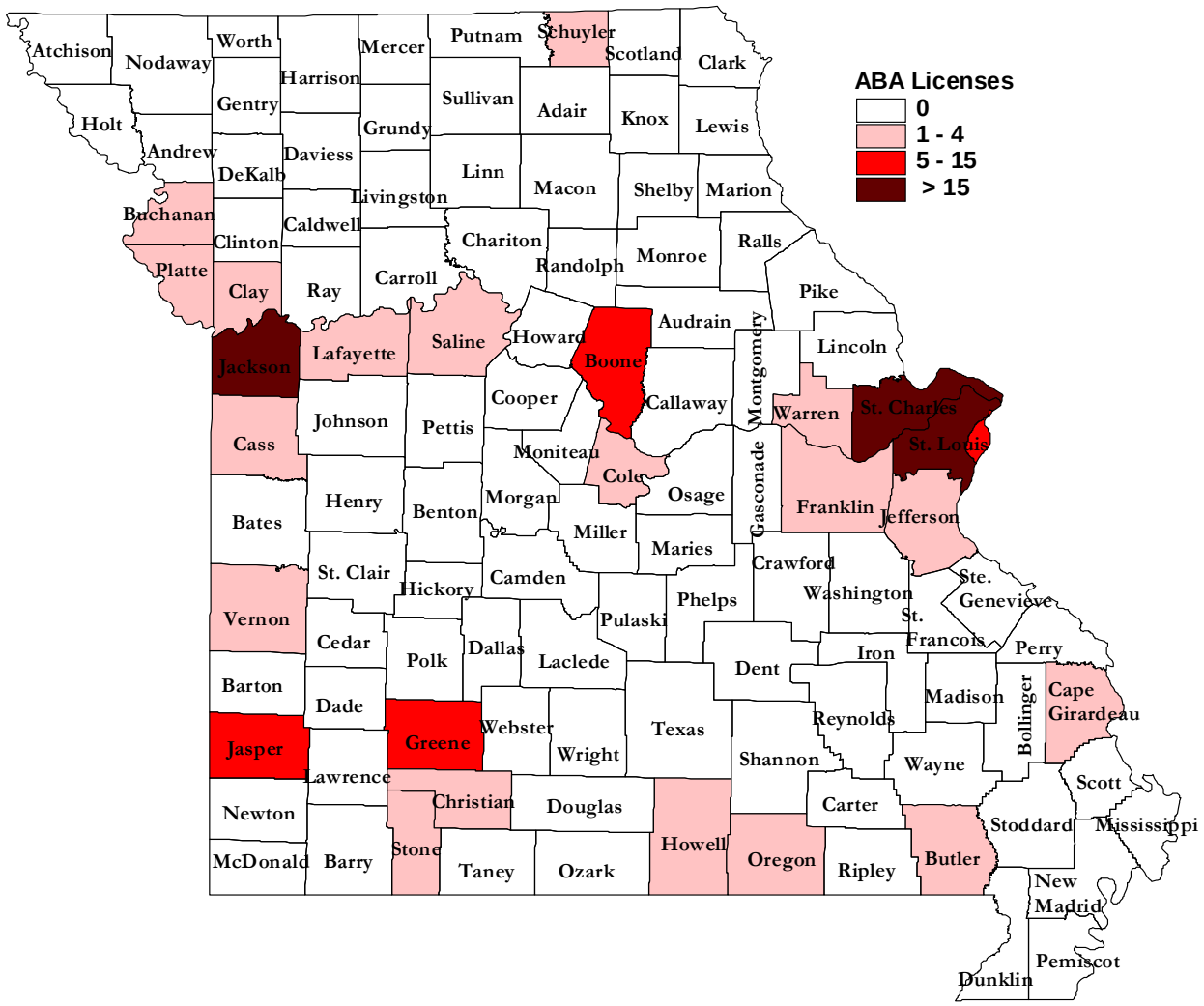
Average Monthly Claim Cost Per Individual Treated for Autism				
	All Ages		Age 18 and Under	
Market Segment	**All Autism-Related Treatment**	**ABA**	**All Autism-Related Treatment**	**ABA**
Individual	$130	$16	$159	$20
Small Group	$182	$88	$205	$105
Large Group	$244	$111	$262	$135
Total	**$222**	**$101**	**$242**	**$122**

Licensure

House Bill 1311 requires that each behavior analyst and assistant behavior analyst pass an examination and obtain board certification to be eligible for a license to practice in Missouri. The first licenses were issued in December, 2010. By Mid-January 2013, licenses were issued to 162 behavior analysts. In addition, 25 assistant behavior analysis licenses were issued. Assistants must practice under the supervision of a behavior analyst. Licensed psychologists, not included in the table, may also provide ABA therapy.

Applied Behavior Analyst Licensure in Missouri				
	Behavior Analysts		Assistant Behavior Analysts	
Month License Issued	**No. Licenses Issued During Month**	**Cumulative Licensed Analysts**	**No. Licenses Issued During Month**	**Cumulative Licensed Analysts**
2010				
December	19	19	0	0
2011				
January	28	47	5	5
February	11	58	4	9
March	14	72	2	11
April	9	81	2	13
May	3	84	0	13
June	1	85	1	14
July	10	95	3	17
August	0	95	4	21
September	2	97	0	21
October	3	100	1	22
November	6	106	1	23
December	6	112	0	23
2012				
January	9	121	0	23
February	0	121	0	23
March	4	125	0	23
April	7	132	0	23
May	4	136	0	23
June	0	136	0	23
July	2	138	0	23
August	6	144	0	23
September	1	145	0	23
October	4	149	0	23
November	8	157	0	23
December	4	161	1	24
Mid-January, 2013	1	162	1	25
Total		**162**		**25**

Many, counties, primarily in the rural areas of the state, lack a licensed behavior analyst. Of Missouri's 115 counties, 90 have no resident licensed behavior analyst or assistant behavior analysts.



Other DIFP Activities Related to Autism

The DIFP worked on numerous fronts to successfully implement the autism mandate during 2011 and 2012. Following the passage of the law, staff engaged stakeholders representing a wide variety of perspectives and needs – from insurance companies to providers to parents and advocates. This outreach was designed to anticipate and address any potential problems. Additionally, the Department was able to provide education and resources to parents and providers as they began navigating through the process of obtaining insurance coverage for autism benefits for the first time. More information, and resources to assist insurance consumers, can be found on the department's internet site at http://insurance.mo.gov/consumers/autismFAQ/.

Among the DIFP efforts since the mandate became effective are:

Complaints

The DIFP monitors the number of complaints and inquiries received that are related to the autism mandate. Since then mandate was enacted, DIFP staff responded to 213 consumer contacts by insureds with questions about autism coverage, or that had a complaint against an insurer. Subject matter ranged from the lack of medical providers, the lack of coverage in self-funded plans under federal jurisdiction, to concerns about costs and requests for clarification of various aspects of the new law. Consumer complaints regarding the autism mandate resulted in over $122,000 in recoveries as of the time of writing.

Impact on Small Business

Initial concerns about the potential costs of the mandate resulted in an opt-out provision for small employers. Any small employer may petition the director for a waiver of the mandate if providing the coverage causes premiums to increase by 2.5 percent or more over any 12 month period. The earliest such a waiver request could have been made is therefore January 1, 2012. To date, the DIPF has received no requests for a waiver.

National recognition for online education

Before the law took effect on Jan. 1, 2011, the Department launched new educational content online for parents, health care providers and insurers on its website. The online resources include explanations of the new law's various provisions, frequently asked questions, instructions for filing consumer complaints, a Parent Resource Center and content specifically designed for health care providers. The Department's efforts in creating this comprehensive online guide were heralded by Autism Speaks, the nation's largest advocacy group for autism. At its Autism Law Summit in October 2011, the group recognized the DIFP for outstanding efforts on behalf of individuals with autism.

Outreach

The Department assembled an autism working group meeting in Jefferson City during November, 2010, which was attended by parents, advocates, medical providers and representatives of major insurance companies in the Missouri market. At the meeting, stakeholders discussed concerns and how the Department could best facilitate consumer and provider education about the new law as well as facilitate an open exchange of information between the insurance industry and the provider community.

In response to many of the issues identified through the working group, the DIFP issued a bulletin to all health insurance companies on January 3, 2011, outlining Department plans for enforcing the law. This bulletin:

- Encourages the insurance industry to accept HCPCS codes
- Asks any companies that are not able to utilize these codes make information readily available to providers both in- and out-of-network.
- Reminds that the department will closely monitor the delivery of autism related services and ensure no unnecessary barriers to treatment are imposed
- Encourages companies to exercise flexibility in accommodating children already enrolled in ABA treatment, so as not to interrupt their ongoing therapy.
- Extends a one year "safe harbor" from any enforcement or disciplinary action related to temporary modifications or deviations to practices or procedures in order to accommodate those currently enrolled in ABA treatment.

Following the passage of HB 1311, Director Huff and other members of the DIFP team appeared throughout the state at more than 10 public events for consumers, industry and stakeholders.

The Department hosted the Autism Provider Summit in December of 2011. The summit served as a one-day training program to educate autism treatment providers about insurance billing, navigating the insurance world, and ensuring that their staffs are properly credentialed and licensed. Close to 80 providers and interested parties attended the summit.

The Department also maintains a collaborative relationship with the national autism advocacy group, Autism Speaks. In September, 2012, Autism Speaks invited Angela Nelson, Division Director of the Insurance Market Regulation Division, to their Annual Law Summit in Washington, DC. At that Summit, Nelson updated Summit attendees on the progress of Missouri's implementation of HB1311 and fielded general questions from attendees on insurance coverage and the assistance state insurance regulators can provide to both providers and consumers.

Regulatory Activities

The DIFP continuously monitors the Missouri insurance market. These monitoring efforts range from data analysis and tracking of various information sources to on-site audits of companies. In September of 2012, the department reached the largest insurance-related settlement in Missouri history with Aetna. Among other violations, Aetna improperly excluded coverage for autism-related treatments mandated by Missouri law. As part of the settlement, Aetna agreed to:

- Stop issuing health insurance policies that violate Missouri law;
- Pay a $1.5 million dollar penalty;
- Pay prior claims as required by law, plus 9 percent interest; and
- Donate $250,000 to a Missouri nonprofit organization specializing in the care and treatment of autism spectrum disorders.

Future Market Developments

Beginning on January 1, 2014, several reforms to the health insurance market become effective. One reform is the requirement that non-grandfathered individual and small employer group plans (under current Missouri law, groups of 2 to 50), must provide coverage for the Essential Health Benefits (EHBs).

The Secretary of the U.S. Department of Health and Human Services is required to define EHBs to ensure that they are equal in scope to benefits under a typical employer plan. Under current HHS regulations, EHBs are based on the coverage provided under the state's largest small group health plan, by enrollment. This plan is known as the EHB benchmark plan. As outlined by HHS, the EHB benchmark plan must include ten broad categories of benefits, as well as any state coverage mandates that are applicable to the designated benchmark plan. These identified benefits provide a "floor of coverage" that must be included in all non-grandfathered individual and small group health plans, starting in 2014. Since Missouri's autism coverage mandate applies to the plan currently designated by HHS as the EHB benchmark plan, coverage for ASDs and ABA therapy must be included in non-grandfathered individual and small group health insurance plans beginning in 2014.

Federal law requires that benefits defined as EHBs be offered without annual or lifetime limits on the dollar amount of the coverage, but allows such limits to be converted to another actuarially equivalent limitation. Missouri's autism mandate specifies an inflation-adjusted annual dollar limit on ABA services, but also includes an express prohibition on visit limits. The impact of federal law on the annual limits allowed under Missouri law for ABA therapy after January 1, 2014, is undetermined at the time of this report.

Conclusion

The costs associated with the autism and ABA coverage mandate has to date, been minimal, even as the mandate has led to dramatically expanded coverage and the delivery of medically beneficial services. Applied behavior therapies have been shown to dramatically reduce long-term costs for a significant proportion of individuals diagnosed with an ASD, and to significantly improve their quality of life. The law has achieved its purposes in an unqualified way for every measureable metric.

Insurance Consumer Hotline

Contact DIFP's Insurance Consumer Hotline
if you have questions about your insurance policy
or to file a complaint against an
insurance company or agent:

difp.mo.gov

800-726-7390

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